



## A Progressive View of the State of the Union

As President Bush prepares to tell the American people that the State of the Union is strong, our nation stands divided at home and weaker abroad. The administration's extremist policies – driven by ideology, and not facts – have hurt hard-working families and failed to make the American people safer than we were one year ago.

At home, we are a country divided between an elite that has seen its taxes cut and can afford private health care and schools and the hard-pressed middle class which has fewer job opportunities, and declining access to quality health care and education. This administration has let special interests rewrite the laws in their favor, with citizens and the public interest relegated to second-class status.

The consequences for hard-working Americans are severe:

- **The greatest job loss in a recovery since the Great Depression.** Almost 2.5 million jobs have been lost in the past two years, and last month, nearly 250,000 previously unemployed Americans stopped looking for work altogether.
- **Massive deficits to pass on to our children.** The administration has squandered historic budget surpluses and now has annual budget deficits of nearly \$500 billion – a collapse of fiscal discipline that will lead to a \$5 trillion national debt over the next decade.
- **Tax cuts for the very wealthiest that threaten national defense and Social Security.** More than \$1 trillion in tax cuts – primarily for the wealthiest Americans – have weakened our nation and showed the administration's lack of interest in helping the middle class.
- **Rising numbers of uninsured and increasing health care costs for working Americans.** More than 43 million Americans lack basic health insurance today – with 4 million newly uninsured added during the first two years of the Bush administration. Those who have insurance face rising premiums and increased deductibles with no relief in sight.

The Bush administration has conducted a foreign policy driven by ideology that has failed to make the American people safer. Instead of focusing on tracking down terrorists and restraining those who actually possess nuclear, chemical or biological weapons, they have poured American blood and treasure into Iraq. Consider:

- **A commitment to Iraq that is claiming American lives and draining taxpayer dollars.** In the eight months since the President declared “Mission Accomplished,” more Americans have lost their lives or been injured in Iraq than during the invasion itself. And because Pentagon officials failed to plan for the post-war period or build an effective alliance, we face ongoing instability and the burden of funding reconstruction.
- **Stretching our military to its limits while failing to give our armed forces the equipment and support they need.** Active duty military and members of the Reserves and National Guard are badly over-stretched. In Iraq they have gone without basic equipment like body armor. At home, the administration has dismissed their efforts to secure health care and good schools for their families.
- **Failure to focus on the real threats: terrorists and nuclear, chemical and biological weapons.** Osama bin Laden – a name the President may not mention Tuesday night – is still at large and al Qaeda has launched deadly attacks around the world. The administration has failed to commit sufficient forces and attention in Afghanistan. And it has tried to strip funding from successful programs to track down nuclear materials and chemical stockpiles in Russia, the former Soviet Union and beyond.
- **Inadequate, under-funded efforts to protect Americans at home.** Experts estimate that we are more vulnerable at home than a year ago. The Department of Homeland Security’s budget is less than one tenth that of the Department of Defense. And its alerts are draining millions from cities and counties while Federal support for emergency planning and personnel is wanting.

This document highlights the administration’s actions on a range of economic, domestic and national security issues the President is expected to address Tuesday night. The Center for American Progress hopes that the facts we present, the priorities we put forth, and the policies we promote provides a realistic, constructive guide for viewers.

## The Economy

### Jobs

Despite recent good news on the economy, the labor market is still caught in crisis – with almost 2.5 million jobs lost in the last two years and the worst job loss in a recovery since Herbert Hoover and the Great Depression. In December alone, the economy added only 1,000 new jobs – only 20 jobs per state. In response, the President called the economy “strong.” In his speech next Tuesday, President Bush will likely fail to provide new initiatives to create jobs, make hollow promises about deficit reduction, and continue his one-note economic policy by calling for making the tax cuts permanent.

- **A few months of modest job creation cannot hide the abysmal performance of the labor market over the past three years.** Long-term unemployment is close to a 20-year high because the labor market is so weak. The labor force participation rate in December 2003 was at its lowest level since December 1991 – lower than any time during the recession or the recovery. Even if jobs grew five times stronger as they have over the past five months, we would still end 2004 with the worst third year of a recovery since 1958. The administration’s major initiative to help the struggling manufacturing sector so far has been the appointment of a new Assistant Secretary of Commerce for Manufacturing and Services.
- **At every turn, the President has passed up opportunities to pass high bang-for-the-buck stimulus to jump start job creation, favoring inefficient, ineffective long-term tax cuts for the most well-off.** In 2002, with our economy in desperate need of a jumpstart, the administration pushed to retroactively eliminate the corporate alternative minimum tax, a provision which would have provided a \$254 million tax break to Enron. The 2003 tax cuts were responsible for only 13 percent of the growth in the third quarter of the year, and this modest contribution was predominantly due to targeted components like the child tax credit that progressives have always championed.

**A smarter, fairer plan for economic growth and job creation: Repeal tax cuts for the very wealthiest, let other tax cuts expire, and extend benefits for the long-term unemployed.** Sustained strong growth is necessary to bring the labor market out of its slump. However, the large budget deficits, which resulted from the past two tax cuts, undermine this goal and threaten higher long-term interest rates and financial instability. We can start on the road to deficit reduction by repealing tax cuts for the wealthiest 1 percent of earners and by letting other tax cuts expire.

## “Ownership Society”

Reports indicate that President Bush will push an “ownership society” message in the State of the Union and will re-introduce, under this theme, some form of his Retirement Savings Account (RSA) and Lifetime Savings Account (LSA) proposals, which were introduced but abandoned last year. Under the original proposals, anyone, regardless of income, would be able to put away \$7,500 in after-tax income in each of these new accounts, in which compound interest would grow completely tax-free. RSA withdrawals would be limited to retirement; LSA withdrawals could be made at any time for any reason.

- **There are serious problems facing our retirement savings system today, which we desperately need to address.** In any given year, more than half of all private sector workers have no employer-sponsored pension; the same is true for 92% of the working poor and nearly 4 out of 5 small business employees. Only about 5% of people “max out” their current IRA and 401k accounts. And the largest incentives go to well-off people who are already saving and who tend to respond to new incentives by shifting, rather than adding to, their savings. While masked in the short term, the long-term fiscal impact of these accounts would mean a massive loss of revenue equal to half the size of our projected Social Security shortfall.
- **The Bush savings proposal does virtually nothing for 95 percent of Americans.** The plan offers little for most Americans who do not save enough to max out their individual accounts, while providing a dramatic windfall to the tiny few who are already saving the most. Furthermore, the Bush plan could encourage small businesses to drop coverage, because owners will be able to increase from \$6,000 to \$45,000 the amount they can save tax-free, without offering a plan to their employees. Proposed changes to 401k non-discrimination rules could lead to less coverage of low-income employees.

**A better retirement plan: offer a new Universal 401k plan to all Americans, with generous matching benefits for low-income workers currently having the hardest time saving.** American Progress Director of Economic Programs, Gene Sperling, has developed a plan that would give Americans a matching contribution of up to \$1,000 a year in savings deducted from their paychecks. For middle-income families, it could be a one-to-one match; for low-income families, it could be a two-to-one match — or they could even receive seed money to start their savings. A family eligible for a two-to-one match could accumulate a nest egg of \$250,000 in today's dollars simply by contributing \$700 a year for 40 years, assuming a 5 percent rate of return.

### Fiscal Policy

In a departure from the administration's lengthy previous efforts to downplay and deny the importance of deficits, the President is likely express some concern over the size of deficits, and re-assert his commitment to "cut the deficit in half in five years." Perhaps the White House is finally heeding the warnings about the deteriorating fiscal situation in the US. Last week conservative Wall Street economist Alan Sinai, former Treasury Secretary Robert Rubin and Brookings economist Peter Orszag warned that the long-term deficit is on an unsustainable path and "the risk of severe adverse consequences must be taken very seriously." The International Monetary Fund issued an unusually strong and stark warning about the threat that rising fiscal and trade deficits in the U.S. posed to "the financial stability of the world economy." To put the deficits in perspective, five years from now the average family's share of the national debt will be more than \$84,000, compared to a projected \$500 per family when Bush took office.

- **Previous administration plans to cut the deficit in half have relied on unrealistic and disingenuous projections.** In August 2003, the administration made a claim to halve the deficit based on Office of Management and Budget figures that assume, among other things: no new costs of war and occupation in Iraq or Afghanistan after September 30, 2003; and a decline in inflation-adjusted non-defense discretionary spending through 2008. Even assuming a solid expansion, independent assessments from Goldman Sachs and the Committee for Economic Development and Concord Coalition, based on more realistic budget projections, are forecasting deficits of \$400 - \$600 billion or about 3 to 4 percent of GDP for the entire decade.
- **Discretionary spending outside of national defense and homeland security is neither the cause – nor can it be a silver bullet – to getting deficits under control.** Non-defense discretionary spending not including homeland security accounted for only 5 percent of the total cost in FY03 of enacted legislation between 2001 to 2003. And eliminating deficits of the magnitude we will be facing through spending reductions alone would require cutting Social Security by 60 percent, defense spending by 73 percent, or all programs outside defense, homeland security, Medicare, and Social Security by 40 percent.

**Real deficit reduction: roll back the components of the Bush tax cuts that disproportionately benefit the very wealthiest, and show restraint on large new spending programs like Retirement Savings Accounts (RSA) and Lifetime Savings Accounts (LSA).** "The first step in climbing out of a hole is to stop digging," as the independent Center for Economic Development explains. The administration's suggestion that their tax cuts have been only a minor factor in the fiscal deterioration is flat wrong. The tax cuts are the largest single contributor to the deterioration of our budget outlook, and will continue to impose huge costs in years to come – over \$600 billion in 2013 alone, including interest cost.

## Domestic Policy

### Health Care and the Uninsured

The Institute of Medicine has issued a challenge to President Bush and Congress – achieve universal health insurance by 2010. President Bush is moving us in the opposite direction. In the first two years of his term, nearly 4 million Americans lost their health insurance coverage, bringing the total number of uninsured to 43.6 million in 2002. These losses wiped out the historic gains of 1999 and 2000, in which the trend in rising numbers of uninsured was reversed and an additional 2.3 million Americans were newly insured.

- **The President's proposals would not help 9 out of 10 uninsured and could cause millions to lose coverage.** The centerpiece of the President's proposals to date – a \$1,000 tax credit - would reduce the number of uninsured by just 4 million under the administration's rosy assumptions or 1.9 million under more realistic assumptions. Meanwhile, his proposal to cap federal spending on Medicaid and the State Children's Health Insurance Program could cause more than 7 million people to lose coverage by 2013.
- **The President's policies help private health insurers while shifting more costs onto patients.** The President's \$1,000 tax credit could only be used to pay for private health insurance in the individual market – a market that discriminates against individuals who are older or in less-than-perfect health. The new Medicare bill increases payments to private health insurers and offsets additional spending by raising costs for Medicare beneficiaries. Similarly, Health Reimbursement Account (HRA) and Health Savings Account (HSA) policies limit insurer liability and leave consumers to deal with health care costs.

**With proper leadership, the US can meet the challenge of the uninsured.** In the U.S., we have succeeded in providing universal coverage to our nation's elderly, universal access to low-income children, and broad-based coverage in a subset of states. Other comparable nations have eradicated this problem and remained globally competitive and fiscally solvent. As the Institute of Medicine notes, "[Uninsurance] is a problem that can no longer be ignored... Unchecked, the costly consequences of the status quo are too large to sustain."

## Medicare

President Bush promised to reform Medicare to give seniors “the help they need.” There is no question that seniors need help with the high cost of prescription drugs, but the Medicare law President Bush signed promises big profits for big pharmaceutical companies while short-changing senior citizens.

- **Hidden pitfalls will limit choice and undermine current coverage.** The new law gives private health insurers the authority to ration seniors’ access to prescription drugs. Seniors are locked into these private insurers each year, but the insurers can change which drugs they cover at any time. Meanwhile, 2.7 million seniors will lose their retiree coverage and 6.4 million will lose help from Medicaid.
- **Seniors will pay the costs while drug companies reap the benefits.** The law is designed to cause seniors to spend a growing share of their income on Medicare prescription drug costs with each passing year. The law’s gap in coverage is also designed to make those seniors who need the benefit the most – those with chronic illnesses that require regular medications – pay the greatest out-of-pocket costs. Perversely, the law specifically precludes Medicare from harnessing the group buying power of 40 million beneficiaries to negotiate lower drug prices, but potentially allows drug manufacturers to set Medicare prices for their own drugs.

**Control the damage: Congress must act now to correct these inequities and protect seniors.** Though the Bush administration would prefer to leave these issues unchecked, it is imperative that the law be substantially amended before the new benefit is implemented. Neither seniors nor taxpayers can afford unfettered costs for inadequate benefits. This is not what they were promised, and certainly not what they deserve.

## Education

Despite rhetoric to the contrary, the administration is leaving millions of children behind by failing to fully fund the education programs in the President's No Child Left Behind Act. The President's budget will contain \$7 billion less than what is required to fully fund Title I, the program designed to eliminate achievement gaps between groups of students. Six million children who are eligible for assistance under this program will not receive it. Despite the funding crisis in our public schools, the President has proposed diverting millions of dollars in federal resources to voucher proposals that exempt private schools receiving federal funds from the accountability requirements written into law.

- **State and local communities are struggling with the worst budget shortfalls since World War II, forcing them to cut back the school year and layoff quality teachers and school staff.** For example, more than half of Iowa's school districts have already laid off teachers or support staff, increased class sizes or curtailed or delayed purchases of books and technology. Ohio, a leader in state funding for early childhood education, has eliminated more than one third of its Head Start slots, with 6,238 fewer children being served and dozens of teachers laid off across the state.
- **The President is making it more difficult for schools to raise student performance and eliminate achievement gaps.** Federal and state funding shortfalls will inevitably exacerbate existing inequities in funding between rich and poor schools.

**Quality public education: develop high standards and effective accountability, but also increase resources such as high quality teachers, manageable class sizes and after-school programs.** Progressives are working to ensure federal support for these important reform strategies. As a result of their efforts, the appropriation levels for education were \$10.726 billion above the levels contained in the Bush budgets for FY02 through FY04; there was an additional \$6.632 billion more over this period specifically for No Child Left Behind programs abandoned in Bush budgets.



### Energy

The president will no doubt call again for passage of the energy bill, which conservatives and progressives in Congress united to reject last year. The current plan is dramatically flawed on two counts: first, it does little to lower our dependency on foreign oil; and second, it contains billions of dollars in taxpayer gifts to many of the big energy companies that sat behind closed doors with Vice President Cheney to write the law.

- **The pending energy plan hands billions in subsidies to big oil, nuclear and other energy companies.** A report by the House Government Reform Minority Office found that the bill will cost more than \$140 billion over the next decade.
- **The bill does nothing to reduce dependence on foreign oil.** The bill also promotes nuclear proliferation policies, increases air pollution and global warming, threatens drinking water with contamination from MTBE and other toxic pollutants, and tramples the rights of states and communities to fast track energy development projects.

**A better energy future: invest in clean energy technologies that will create jobs while also protecting our health and environment.** Any meaningful energy policy must meet three main goals: it must reduce dependence on unstable forms of energy; advance technologies that create jobs and reduce pollution; and help deliver reliable, affordable energy. The current energy bill fails on all counts.

### Environment

The administration repeatedly states that the quality of the environment is dramatically improved and that it is time to end “command and control” regulations. The president continues to call for volunteerism and market-based incentives to replace mandated public safeguards – these incentives work in some cases, but not all, as is demonstrated by the failure of a decade of volunteerism to slow the dangers of global warming. Meanwhile, the administration is using the regulatory process to undermine existing environmental laws. Expect the President to talk euphemistically about clear skies and healthy forests at the same time that he unravels behind closed doors the very system of regulations that has protected our air, health and lands.

- **Environmental policy needs a strong set of government standards and safeguards to protect public health and safety.** Before the landmark environmental laws were enacted three decades ago, rivers were literally on fire, children were exposed to dangerous levels of lead, and soot and smog choked our cities. We should build on these achievements, not undermine them.
- **Under the administration’s watch enforcement of existing environmental laws has declined dramatically.** Top staff members have left the enforcement division of EPA. In April, a Justice Department report showed that criminal referrals by the EPA had dropped by 30 percent and the agency acknowledged that many enforcement officials had been yanked from the pollution beat to assist with other security duties.

**A cleaner, safer environment: we must enforce and uphold the laws that are in place to ensure clean air and water.** We cannot ignore the need to act now to tackle new global challenges such as slowing the impact of global warming, reducing toxins in our air, food and water, and protecting our ocean resources and remaining biological diversity. We must also work to provide incentives to foster and reward innovation from business leaders who are on the front lines of technology development and stewardship of our resources.

### Immigration

We share President Bush's aspirations for creating a more "rational and humane" immigration system that provides greater dignity and opportunities for immigrant workers in this country. But the President's recently unveiled proposal for immigration reform outlined little more than election year half-measures that do more for corporate employers than hard-pressed immigrant workers.

- **The Bush proposal offers no real path to permanent citizenship and legal rights for law-abiding, tax-paying immigrant workers.** The Bush plan offers no substantive increase in the overall numbers of visas or green cards and no specific provisions to immediately grant green cards for those undocumented immigrants who have been working and paying taxes in the country for many years.
- **The Bush plan does nothing to ensure worker protections for temporary workers.** While temporary legal status is clearly better for immigrant workers than remaining in the underground economy, the Bush plan makes no mention of increased labor law enforcement. Newly minted temporary workers may feel more empowered to report crimes without fear of retribution, as Bush stated, but how likely are workers to report workplace abuses or discrimination when faced with the possible loss of temporary work status and potential deportation?
- **The big winners under Bush's plan are businesses who illegally employ foreign-born workers.** The Bush plan does little more than legitimize a low wage economy created by employers who do not want to pay American workers good wages and benefits. American companies get to keep their cheap labor without fear of prosecution for illegal hiring, while immigrant workers remain exposed to arbitrary firings and control by employers and even worse conditions if their status expires.

**Real immigration reform: endorse and move meaningful legislation on immigration reform today.** President Bush can move immigration reform forward by voicing immediate support for the bi-partisan AgJobs Act (Agricultural Jobs, Opportunity, Benefits, and Security Act) and the bi-partisan DREAM Act (Development, Relief, and Education for Alien Minors Act). The AgJobs Act provides long-overdue protections for agricultural workers, allowing them to eventually earn permanent resident status, and has the support of both the agriculture industry and farm workers. The DREAM Act grants permanent residence to children of undocumented immigrant workers who complete high school and go to college or join the military.

## National Security

### **Weapons of Mass Destruction**

The cornerstone of President Bush's failed strategy for curbing the spread of nuclear, chemical and biological weapons, as the war in Iraq has shown, is preemptive war: America will invade states that purportedly seek out or are close to acquiring WMD. The President claims the doctrine will "deter and defend against the threat before it is unleashed" and make America and the world more secure. But his unilateral policies have made it more difficult to work with our allies in the search for these weapons.

- **We applaud Saddam Hussein's removal and capture but the invasion and ongoing war have distracted attention from far graver threats.** Iraq, as we now know, did not have WMD and hence did not pose an "imminent threat" as a weapons proliferator. Nuclear and chemical materials continue to sit unsecured in Russia and elsewhere in the former Soviet Union. North Korea persists in its quest for nuclear weapons and it remains a virtual bazaar for missile technologies. And our new ally Pakistan is increasingly implicated as a supplier of nuclear weapons technology to our enemies.
- **The President has not adequately prioritized programs designed to curb the spread of WMD.** For example, he requested just \$654 million for FY 2004 to secure nuclear warheads, materials and expertise in Russia and other states of the former Soviet Union. This is \$60 million less than FY 2003, and less than the amount we have spent on Iraq so far. Programs like this have tangibly and cost-effectively improved America's security by, for instance, securing several hundred tons of highly enriched uranium and weapons-grade plutonium at several sites in Russia.

**We need an anti-proliferation regime committed first and foremost to securing and limiting access to weapons materials and precursors *before* they fall into the hands of terrorists or failing states.** This requires doubling the funding for ongoing nonproliferation programs to at least \$2 billion a year and expanding the reach of these programs to cover the gamut of WMD materials and precursors, wherever they might be located now or heading in the future. This also requires a global alliance of states committed to stopping the spread of WMD.

## Iraq

The Bush administration is not telling the full story about Iraq and the capture of Saddam Hussein has not made our job easier. The White House will soon be forced to ask for more resources for reconstruction – resources that could be used to fight terrorism elsewhere. The international community's pledges of support have not materialized and troops are overstretched and underdeveloped. New Iraqi security forces are poorly trained and not ready to maintain stability in the country.

- **The United States must refocus from the war in Iraq to the real fight against terrorists.** As a recent report by the U.S. Army War College pointed out, “the war against Iraq was not integral to the global war on terrorism, but rather a detour from it.” The report also noted that “Operation Iraqi Freedom saddled the U.S. armed forces. . . with costly and open-ended imperial policing and nation-building responsibilities outside the professional military's traditional mission portfolio.”
- **Security is still a major problem in Iraq and newly trained forces are in no shape to protect the country.** Although the number of attacks in Iraq has decreased recently, the lethality of the attacks is increasing. In addition, more troops were killed or injured in the four weeks after Saddam was captured than in the four weeks before. Iraqi security forces don't seem up to these challenges; Newsday reports that Iraqi and U.S. military commanders agree that the new forces are “poorly trained, weak, corrupt and far from being ready to take charge of security.”
- **The administration needs a stable, solid plan for the transition to Iraqi power.** Changes in budget and plans as Iraq moves toward elections are sad symbols of the Pentagon's failure to plan for post-war reconstruction. Complex ethnic politics and the security situation threaten to upset ambitious U.S. plans.

**A responsible, better path: the United States needs to internationalize efforts in Iraq.** Progressives believe that – no matter where we stood on the war – we have a responsibility to help Iraq through the period of political and economic reconstruction. Although there is some sign that the administration wants to get the United Nations involved in Iraq again, it is time to match words with action.

## Military

President Bush can be expected to use the State of the Union to once again praise the strength and courage of U.S. soldiers in Iraq, Afghanistan and elsewhere. But while his praise is well-placed he cannot mask that the Pentagon has stretched capabilities beyond the limits and turned its back on our citizen-soldiers. The administration's lack of planning for the post-conflict phase of Iraq and failure to win international support has undermined U.S. national security by damaging the most critical part of our military force – the people. The administration has compounded the situation by under-equipping our soldiers and mistreating their families.

- **Casualties in Iraq continue to rise.** The administration's lack of planning for post-conflict Iraq has made soldiers more vulnerable. The U.S. military has suffered three times as many casualties since the end of major combat operations as it did during the war.
- **The military is unfairly stretched and inadequately equipped.** The Pentagon failed to purchase sufficient numbers of critical items for those serving in the Iraq conflict, such as effective body armor, humvees, and antimissile devices for the helicopters; and sought to reduce hostile fire and separation pay for troops. In October 2003, in what the *Army Times* called an act of betrayal in the midst of war, Secretary Rumsfeld notified the armed services of his intent to close commissaries.
- **The Pentagon has ignored the needs of soldiers and consistently tried to limit the benefits that military families receive from the government.** The Pentagon mobilized several National Guard and Reserve units without reasonable notice and kept them on active duty longer than anticipated. In September 2003, Senator Frank Lautenberg (D-NJ) charged that the administration's oversights have left soldiers, “to pay the price of the administration's poor military planning and failed diplomatic efforts...”

**Treating our military right: the Bush administration should consider increasing the size of the active army; placing more specialized forces, like military police and civil affairs units, on active duty; and treating soldiers as our most valuable assets.** The administration should set priorities correctly so that it can fund these measures.

### Afghanistan

This month's adoption of a new constitution in Afghanistan was an encouraging step, as are recent signs of an expanded role for NATO allies. Afghanistan's leaders and people face enormous challenges, however, as they attempt to rebuild their nation. Most ominous of all is the lack of physical security in vast parts of the country, where warlords and their militias have seized and are exercising power. Moreover, the drug trade that feeds the country's lawlessness has spiraled out of control, and is threatening both security and reconstruction goals.

- **They Bush administration just doesn't see Afghanistan as a priority.** Most resources and attention shifted to Iraq in advance of the war there, and that is where they have stayed. The U.S. has only 10,000 troops in the country, as opposed to 130,000 in Iraq.
- **The ambitious timetable for elections may not be achieved because of security concerns.** Reconstruction is similarly jeopardized by security, with 16 of the country's 32 provinces designated as "no-go" areas for aid workers.

**Give Afghanistan the priority it warrants.** Afghanistan may arguably be the most important front in the war against terrorism, and must not be neglected because we are overstretched in Iraq. The U.S. must devote more troops to Afghanistan and work with NATO as quickly as possible to expand the International Security Assistance Force.

### HIV/AIDS

By announcing an additional \$15 billion commitment over 5 years to combat HIV/AIDS in the 2003 State of the Union, the administration was able to deflect criticism for its lackluster leadership in dealing with the largest health crisis in the world. Only \$800 million of the \$2.4 billion is new money thanks to Congress. More concerning is the administration's focus on abstinence-only programs.

- **The administration is not adopting a comprehensive approach** that would include prevention, treatment, and care. It has an ideological definition of prevention that includes only abstinence programs when millions in Africa and Asia are infected.
- **There are more efficient ways to spend our money.** The administration has failed to give money to the Global Fund for AIDS, which would maximize efficient use.

**A comprehensive effort: we need to increase real funding for HIV/AIDS (to at least the \$3 billion requested) and take a more comprehensive view on what needs to be done to address this crisis.** It is a moral, health and a national security crisis. Also, we should not be doing this alone, but can work through multilateral efforts such as the Global Fund for Tuberculosis, Malaria and AIDS.



### Development Assistance

Two years ago, President Bush announced a \$5 billion increase in development assistance through the creation of the Millennium Challenge Account (MCA), a “new compact for development” that “breaks with the past by tying increased assistance to performance and creating new accountability for all nations,” according to USAID. To date, there is no funding for the MCA and no certainty that the administration will request any new money for 2005 or 2006.

- **We must meet our commitment and cannot do this alone.** The administration took great credit for the MCA, but has not followed through on it. While bilateral assistance is important, our money is better spent when we cooperate with our allies and international institutions.
- **If we are concerned about fighting terrorism abroad, we need to increase the scope of the MCA.** The MCA only targets a few countries that have had a track record of economic and political progress, ignoring the countries whose environments are most conducive to the basing of terrorist groups. We must engage with countries before they deteriorate or fail.

**Development assistance that matters: the MCA should be funded at \$1.3 billion.** All of our other international aid obligations should be widened to include nations where terrorists can find support and safe haven.

## Homeland Security

There has been progress in some areas of homeland security since President Bush last stood before Congress to give his of the State of the Union, but experts agree that Americans are not safer.

- **The Department of Homeland Security's budget for the current fiscal year is \$31 billion, less than one tenth that of the Department of Defense.** Police are being taken off the street as cities attempt to cope with budget shortfalls caused by cuts in federal law enforcement support.
- **As the recent Code Orange alert revealed, we are getting more intelligence, but still don't know what it means.** We are not yet sharing meaningful threat information with states and cities on the one hand, and allies across the globe on the other. Alerts are still too generalized and their impact too broad and costly.
- **More than two years after September 11, we do not have a consolidated terrorist watch list.** We do not have an effective tracking system so we know who is in our country. We do not have port security and infrastructure plans in place. We do not have an effective air cargo screening program.

**Integration and planning: we have a plan to reach beyond the still-struggling Department of Homeland Security and learn from cities and counties on the front lines.** Homeland security must be funded at higher levels, particularly emergency personnel; integration of plans and personnel must be given top priority; and we must move immediately to protect our infrastructure, ports and air traffic.